



**U.S. Department of Justice**

*United States Attorney  
Southern District of New York*

**FOR IMMEDIATE RELEASE  
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**BILLING COMPANY PAYS \$1.3 MILLION TO SETTLE CHARGES FOR  
FILING FALSE CLAIMS FOR MEDICAL REIMBURSEMENT**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced today that ACCORDIS, INC. ("ACCORDIS") has agreed to pay \$1,356,500 in damages and penalties to settle civil charges brought under the qui tam provisions of the False Claims Act that it submitted false and fraudulent claims for reimbursement for medical services from Medicare and MediCal, the California State Medicaid program. United States District Judge RICHARD CONWAY CASEY approved the settlement today in Manhattan federal court.

ACCORDIS, a New York-based private billing company that submits claims for reimbursement to Medicare and Medicaid programs on behalf of health care providers, was retained by the Los Angeles County Department of Health ("LA County") to provide billing services on behalf of six Los Angeles County hospitals and more than eighty community clinics.

By law, all claims for reimbursement to Medicare and MediCal must contain an accurate billing code reflecting the

patient's medical diagnosis made at the time of treatment. Medical diagnosis coding provides important information that is used, among other purposes, for the performance of morbidity and mortality analyses. Accurate diagnosis coding also ensures that the federal government, which pays for a portion of state Medicaid costs, contributes only the appropriate proportion of the costs that states incur in purchasing services from health care providers for persons enrolled in state Medicaid programs.

Further, under federal law, Congress prohibits the use of any federal funds to reimburse the cost of abortions except where the life of the mother would be endangered if the fetus were carried to term, or for the victims of rape or incest. Accordingly, states may not seek federal reimbursement for the costs of those abortion services provided under the Medicaid Program that do not meet those criteria.

The government's complaint alleges that Accordis submitted false claims for reimbursement to Medicare and MediCal for all services it billed on behalf of LA County, including claims for reimbursement to MediCal for abortion services. The government's complaint alleges that in its billing, Accordis used "default" diagnosis codes that were false and that bore no relationship to the actual diagnosis given to the patient or the actual medical procedure performed by LA County providers. In addition to misrepresenting the actual service performed for the

patient, the complaint alleges that the false billing caused the State of California Department of Health to claim proportionate reimbursement from the federal government for abortion services in violation of federal law.

As part of the settlement, ACCORDIS, without admitting liability or wrongdoing, agreed to pay the Government \$1,356,500 to settle these and other charges and has executed an agreement with the U.S. Department of Health and Human Services Office of the Inspector General certifying its compliance with billing rules and regulations.

Mr. KELLEY praised the investigative efforts of the Federal Bureau of Investigation and the Office of Inspector General of the U.S. Department of Health and Human Services.

Assistant United States Attorneys ROBERT W. SADOWSKI and SHEILA M. GOWAN are in charge of the case.

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